

## Medical Assistance Program

### General Fund Comparison of Medicaid to the State Budget

<u>Year</u>	<u>State Budget</u>	<u>% Chg</u>	<u>Medicaid</u>	<u>% Chg</u>	<u>% of Medicaid to State Budget</u>	<u>Medicaid Clients</u>	<u>% Chg</u>
1987	622,435,100	7.2%	24,539,700	20.7%	3.9%	30,428	5.2%
1988	658,870,000	5.9%	26,548,500	8.2%	4.0%	31,456	3.4%
1989	699,236,100	6.1%	31,498,500	18.6%	4.5%	33,387	6.1%
1990	784,505,700	12.2%	39,259,500	24.6%	5.0%	36,441	9.1%
1991	911,749,600	16.2%	50,690,900	29.1%	5.6%	47,027	29.0%
1992	996,243,100	9.3%	56,533,100	11.5%	5.7%	60,184	28.0%
1993	1,025,859,900	3.0%	82,598,200	46.1%	8.1%	71,853	19.4%
1994	1,098,360,700	7.1%	87,893,700	6.4%	8.0%	82,366	14.6%
1995	1,268,128,600	15.5%	92,794,300	5.6%	7.3%	82,527	0.2%
1996	1,337,541,800	5.5%	110,369,100	18.9%	8.3%	84,514	2.4%
1997	1,391,773,100	4.1%	124,020,500	12.4%	8.9%	82,756	(2.1%)
1998	1,446,401,100	3.9%	123,802,200	(0.2%)	8.6%	80,990	(2.1%)
1999	1,609,676,100	11.3%	139,171,800	12.4%	8.6%	85,747	5.9%
2000	1,679,768,900	4.4%	162,758,500	16.9%	9.7%	95,869	11.8%
2001	1,828,502,900	8.9%	205,306,700	26.1%	11.2%	122,788	28.1%
2002	1,979,451,500	8.3%	223,145,700	8.7%	11.3%	141,954	15.6%
2003	1,925,457,700	(2.7%)	236,778,700	6.1%	12.3%	152,679	7.6%
2004	1,987,198,800	3.2%	256,307,300	8.2%	12.9%	162,585	6.5%
2005	2,114,439,100	6.4%	300,128,900	17.1%	14.2%	170,512	4.9%
2006	2,180,928,300	3.1%	331,274,200	10.4%	15.2%	170,477	(0.0%)
<b>Average Annual Change</b>		<b>6.9%</b>		<b>15.4%</b>			<b>9.7%</b>

The average annual growth rate in state general fund expenditures from 1987 to 2006 has been 6.9%, while the average annual growth rate in Medicaid over this same time period has been about 15.4%. In effect, doubling about every five years. Medicaid eligibles have grown about 9.7% annually.

In 1987, Medicaid made-up 3.9% of the state general fund budget, but could grow to over 15% in FY 2007.

Medicaid was expanded greatly from 1987 through 1994. This was the result of both Congressional and Legislative actions. For example, the federal government expanded Medicaid eligibility and reformed the standards that govern nursing home care. These activities resulted with the enactment of three major federal laws: the Omnibus Budget Reconciliation Act (OBRA) of 1987, the Medicare Catastrophic Coverage Act (MCCA) of 1988, and the Omnibus Budget Reconciliation Act (OBRA) of 1989. In 1990, the Idaho Legislature expanded Medicaid to include personal care services and the following year it expanded Medicaid to include other optional services such as durable medical equipment, soft organ transplants, adult dental, adult vision, adult hearing, and prosthetics.

Beginning in 1999, Medicaid once again began to grow significantly. This was due in part to the Congressional expansion of Medicaid to include another new optional program known as the Children's Health Insurance Program (CHIP), which Idaho subsequently adopted.

The Governor's recommendation for FY 2007 includes a proposal for Medicaid reform. The proposal includes breaking up the Medicaid budget into four separate programs to distinguish the major eligible groups and their associated costs. The funding categories are for Medicaid Administration and Medical Management, and separate plans for Elders, Individuals with Disabilities, and Low-Income Children and Working-Age Adults.

# Medical Assistance Services

Analyst: Holland-Smith

## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2006 Original Appropriation</b>	<b>271.00</b>	<b>331,274,200</b>	<b>1,188,692,500</b>	<b>271.00</b>	<b>331,274,200</b>	<b>1,188,692,500</b>
Reappropriations	0.00	3,465,400	3,465,400	0.00	0	3,465,400
HB 395 One-time 1% Salary Increase	0.00	49,800	140,500	0.00	49,800	140,500
2. Medicare Part D Impact	0.00	2,068,000	(21,447,800)	0.00	2,068,000	(21,447,800)
5. Medicaid Mgmt Info System (MMIS)	8.00	756,400	7,397,500	8.00	756,400	7,397,500
Omnibus CEC Supplemental	0.00	0	0	0.00	59,300	169,100
<b>FY 2006 Total Appropriation</b>	<b>279.00</b>	<b>337,613,800</b>	<b>1,178,248,100</b>	<b>279.00</b>	<b>334,207,700</b>	<b>1,178,417,200</b>
Non-Cognizable Funds and Transfers	(1.00)	72,200	21,948,400	(1.00)	(19,700)	21,948,400
<b>FY 2006 Estimated Expenditures</b>	<b>278.00</b>	<b>337,686,000</b>	<b>1,200,196,500</b>	<b>278.00</b>	<b>334,188,000</b>	<b>1,200,365,600</b>
Removal of One-Time Expenditures	(8.00)	(4,498,500)	(34,067,100)	(8.00)	(941,200)	(34,067,100)
Transfer to Individuals with Disabilities	0.00	0	0	0.00	0	0
<b>FY 2007 Base</b>	<b>270.00</b>	<b>333,187,500</b>	<b>1,166,129,400</b>	<b>270.00</b>	<b>333,246,800</b>	<b>1,166,298,500</b>
Benefit Costs	0.00	40,800	116,600	0.00	(52,700)	(150,600)
Inflationary Adjustments	0.00	144,600	414,000	0.00	144,600	414,000
Replacement Items	0.00	30,200	55,800	0.00	0	44,400
Statewide Cost Allocation	0.00	(700)	(2,800)	0.00	(700)	(2,800)
Annualizations	8.00	12,490,900	(1,484,300)	8.00	10,317,900	(1,484,300)
Change in Employee Compensation	0.00	51,300	146,400	0.00	94,600	270,100
Nondiscretionary Adjustments	0.00	31,881,000	128,851,600	0.00	31,881,000	126,433,700
<b>FY 2007 Program Maintenance</b>	<b>278.00</b>	<b>377,825,600</b>	<b>1,294,226,700</b>	<b>278.00</b>	<b>375,631,500</b>	<b>1,291,823,000</b>
1. Market Pay Rate Adjustment	0.00	96,700	386,900	0.00	0	0
2. Healthy Mothers/Healthy Babies	0.00	66,700	2,510,400	0.00	0	0
3. CHIP-Elimination of Asset Criteria	0.00	0	2,540,100	0.00	0	2,540,100
4. CHIP-Remove "Uninsured" Rqrmnt	0.00	0	1,814,400	0.00	0	1,814,400
5. Neonatal Care Management	1.00	(71,800)	(237,600)	0.00	0	0
6. Medicaid Estate Recovery	0.00	(150,000)	0	0.00	(150,000)	0
7. Managed Care Selective Contracting	0.50	(126,200)	(508,100)	0.50	(189,000)	(713,100)
8. Prevention Services/Risk Assessment	0.00	0	0	1.00	2,054,000	9,472,800
9. Invest in Health Info Technology	0.00	0	0	0.00	100,000	400,000
10. Health Info & Home Health Technology	0.00	0	0	0.00	0	70,000
11. Medicaid Rx Drugs/Medicare Part D	0.00	0	0	0.00	(12,000)	(50,000)
12. Long-Term Care Counseling	0.00	0	0	3.00	(79,500)	(377,200)
13. Portability of Assessments	0.00	0	0	0.00	0	70,500
14. Public Reporting & Consumer Info	0.00	0	0	0.00	0	70,000
15. Cost Sharing	0.00	0	0	2.00	(473,000)	120,600
16. Healthy Schools/Healthy Daycares	0.00	0	0	0.00	100,000	400,000
17. Appropriate Benefits for Healthy People	0.00	0	0	0.00	(3,000,000)	(13,000,000)
18. Premium Assistance Option	0.00	0	0	0.00	(135,000)	(450,000)
19. Pay for Performance	0.00	0	0	0.00	583,500	1,944,500
20. Asset Transfer Restriction	0.00	0	0	0.00	(21,000)	(70,000)
<b>FY 2007 Total</b>	<b>279.50</b>	<b>377,641,000</b>	<b>1,300,732,800</b>	<b>284.50</b>	<b>374,409,500</b>	<b>1,294,065,600</b>
Change from Original Appropriation	8.50	46,366,800	112,040,300	13.50	43,135,300	105,373,100
% Change from Original Appropriation		14.0%	9.4%		13.0%	8.9%

# Medical Assistance Program

## Medicaid Provider Payments by Type of Service

(All Funds)

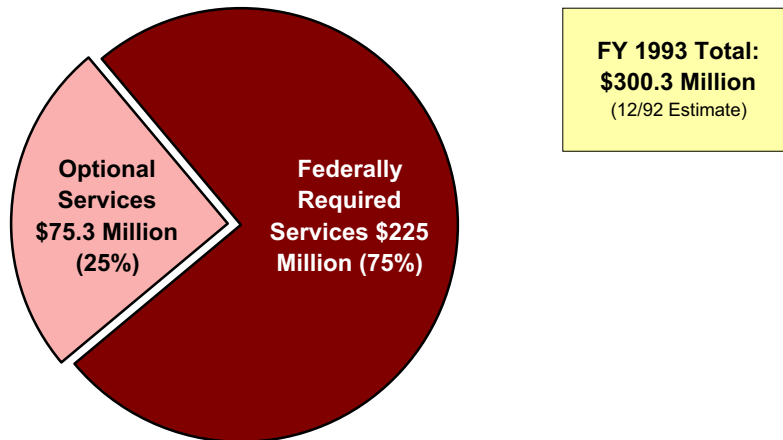
DATA SORTED BY FY 2007 FORECAST HIGH TO LOW

Type of Service	FY 2005 Actual	Annual Change	FY 2006 Estimate	Annual Change	FY 2007 Estimate	Annual Change
1 Prescription Drugs	166,116,962	13.6%	172,011,420	3.5%	188,695,489	9.7%
2 Inpatient Hospital	137,864,922	(0.6%)	142,514,652	3.4%	158,438,182	11.2%
3 Nursing Facilities	126,622,465	1.5%	134,777,629	6.4%	140,732,731	4.4%
4 Mental Health Clinic	74,900,757	26.4%	87,457,222	16.8%	101,190,618	15.7%
5 Developmental Disability Ctrs	52,728,722	17.3%	62,249,173	18.1%	73,818,350	18.6%
6 Physician Services	65,319,575	6.2%	64,906,131	(0.6%)	66,463,792	2.4%
7 ISSH/Devel. Disabled Waiver	52,470,194	17.4%	56,441,374	7.6%	64,704,815	14.6%
8 Aged/Disabled Waiver	54,270,602	8.2%	62,007,718	14.3%	60,962,852	(1.7%)
9 Outpatient Hospital	46,097,551	17.9%	52,362,479	13.6%	60,680,765	15.9%
10 Dental Services	24,502,294	7.0%	29,376,615	19.9%	38,475,232	31.0%
11 Intermediate Care Facilities - MF	34,655,446	(2.0%)	35,418,817	2.2%	34,569,260	(2.4%)
12 Medicare Parts A & B	23,459,588	22.2%	28,000,000	19.4%	30,000,000	7.1%
13 Personal Care Services	27,297,539	11.6%	23,994,220	(12.1%)	26,520,630	10.5%
14 Children's Hlth Insurance Prgm	17,618,118	4.5%	18,163,000	3.1%	18,500,000	1.9%
15 DSH Hospital Payments	12,135,992	17.8%	14,077,751	16.0%	16,330,191	16.0%
16 Medical Transportation	14,156,502	10.8%	14,715,746	4.0%	16,276,592	10.6%
17 School District Services	8,636,918	31.0%	10,846,825	25.6%	15,609,366	43.9%
18 Institutional Mental Health	12,441,295	9.1%	13,352,647	7.3%	15,502,791	16.1%
19 Durable Medical Equip & Suppli	12,043,274	18.4%	13,703,931	13.8%	15,478,162	12.9%
20 Targeted Case Management	11,353,983	17.9%	12,369,675	8.9%	13,866,689	12.1%
21 Upper Payment Limits	13,100,306	44.5%	13,100,306	0.0%	13,100,306	0.0%
22 Laboratory & Radiology Service:	10,516,722	4.9%	11,112,347	5.7%	12,603,780	13.4%
23 Other Practitioners	9,427,562	15.6%	10,185,353	8.0%	12,460,445	22.3%
24 Ambulatory Surgical Ctrs	7,401,124	21.1%	8,036,676	8.6%	9,496,748	18.2%
25 EPSDT Services	7,104,149	45.4%	8,081,785	13.8%	8,502,498	5.2%
26 Federally Qualified Health Ctrs	5,162,495	5.9%	6,091,276	18.0%	7,751,304	27.3%
27 Home Health Services	6,773,303	6.5%	7,002,133	3.4%	7,238,718	3.4%
28 Rural Health Clinic Services	7,373,312	5.4%	6,846,155	(7.1%)	7,231,679	5.6%
29 Primary Care Case Managemen	5,754,566	24.0%	6,179,135	7.4%	6,619,464	7.1%
30 Physical Therapy	4,973,062	13.8%	5,666,247	13.9%	6,399,884	12.9%
31 Indian Health Services	2,984,715	46.6%	3,778,908	26.6%	6,187,064	63.7%
32 Hospice Benefits	1,650,355	(1.7%)	2,480,853	50.3%	3,333,926	34.4%
33 Nurse Aide Training/DUR/Misc.	2,596,718	189.0%	2,596,718	0.0%	2,600,000	0.1%
34 Breast & Cervical Cancer	2,076,234	43.5%	2,140,800	3.1%	2,400,000	12.1%
35 Family Planning	1,693,316	31.6%	1,857,414	9.7%	2,327,715	25.3%
36 Children's Hlth Insurance Prgm	1,828,583	100.0%	1,810,000	(1.0%)	2,000,000	10.5%
37 Outpatient Rehabilitation	1,474,857	21.1%	1,669,318	13.2%	1,885,132	12.9%
38 Prosthetic & Orthotic Services	1,188,106	8.7%	1,357,034	14.2%	1,532,573	12.9%
39 Optician Services & Supplies	1,146,379	(3.8%)	1,290,801	12.6%	1,457,796	12.9%
40 TBI Waiver	1,069,448	(3.8%)	950,683	(11.1%)	1,206,337	26.9%
41 Sterilizations	684,645	(3.4%)	691,382	1.0%	817,272	18.2%
42 Group Health Plan Payments	741,009	(33.0%)	720,900	(2.7%)	800,000	11.0%
43 Audiologist	391,391	15.5%	442,697	13.1%	499,892	12.9%
44 District Health	128,207	25.3%	144,603	12.8%	163,343	13.0%
45 Abortions	3,135	0.0%	0	0.0%	1,288	0.0%
<b>Total*</b>	<b>1,071,936,398</b>	<b>10.6%</b>	<b>1,152,980,549</b>	<b>7.6%</b>	<b>1,275,433,671</b>	<b>10.6%</b>

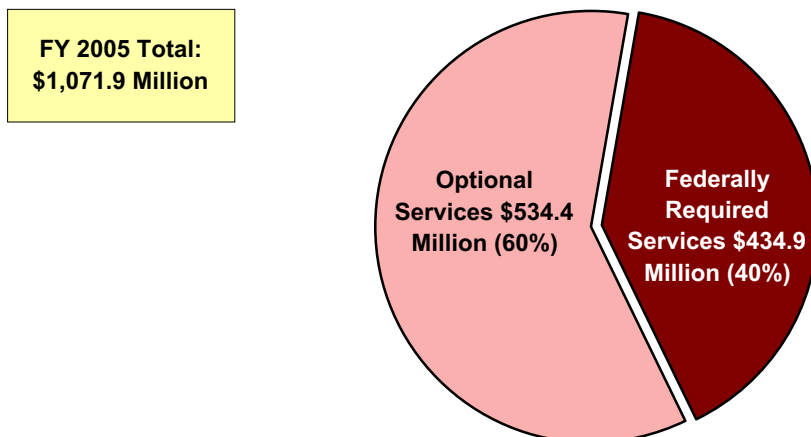
\* Total does not include Medicaid adjustments for Medicare Part D or the Governor's proposed Medicaid reform.

## Medical Assistance Program Federally Required vs Optional Medicaid Services

**In FY 1993, Expenditures for Federally Required Services Amounted to 75% of the Overall Medicaid Budget with the Cost of Optional Services 25% of the Total.**



**In FY 2005, Expenditures for Federally Required Services Dropped to 40% of the Overall Medicaid Budget with Optional Services Expanding to 60%.**



**Required Services.** Idaho must ensure that Medicaid clients receive the health care services required by federal guidelines. These mandatory services include physician visits, family planning, laboratory tests, health screening services for individuals under age 21, hospital inpatient and outpatient services, and prescription drugs for children and pregnant women.

**Optional Services.** Idaho also provides a number of optional services, such as prescription drugs for adults; expanded personal care services; full coverage of prosthetic devices for adults; dental, eye, and hearing services for adults; heart, liver and other organ transplants for adults; payment for services at long-term care facilities for the mentally retarded; adoption and expansion of a children's health insurance program; services for developmentally disabled adults; mental health services for adults; chiropractic and podiatry services; physical therapy; enhanced pregnancy services; breast and cervical cancer services; and services from ambulatory surgical centers.

# Medical Assistance Program

## Federally Required and Optional Medicaid Services by Service Category

DOLLARS IN MILLIONS

Service Required	Rate Set	Service Category	2004 Actual	2005 Actual	Annual Chg	2006 Estimate*	Annual Chg	2007 Estimate*	Annual Chg
federal	federal	Rural Health Clinic Services	7.0	7.4	5.4%	6.8	(7.1%)	7.2	5.6%
federal	federal	Hospice Benefits	1.7	1.7	(1.7%)	2.5	50.3%	3.3	34.4%
federal	federal	Federally Qualified Health Ctrs	4.9	5.2	5.9%	6.1	18.0%	7.8	27.3%
federal	federal	Indian Health Services	2.0	3.0	46.6%	3.8	26.6%	6.2	63.7%
federal	state	Nursing Facility	124.8	126.6	1.5%	134.8	6.4%	140.7	4.4%
federal	state	Physician Services	61.5	65.3	6.2%	64.9	(0.6%)	66.5	2.4%
federal	rule	Hospitals	177.8	184.0	3.5%	194.9	5.9%	219.1	12.4%
federal	rule	Laboratory/Radiology Services	10.0	10.5	4.9%	11.1	5.7%	12.6	13.4%
federal	rule	EPSDT Services	4.9	7.1	45.4%	8.1	13.8%	8.5	5.2%
federal	rule	Medical Transportation	12.8	14.2	10.8%	14.7	4.0%	16.3	10.6%
federal	rule	Family Planning	1.3	2.4	85.0%	2.5	7.0%	3.1	23.4%
state	state	ICF/MR Care	35.4	34.7	(2.0%)	35.4	2.2%	34.6	(2.4%)
state	state	Aged/Disabled-Waiver	50.1	54.3	8.2%	62.0	14.3%	61.0	(1.7%)
state	state	Personal Care Svs Plan	24.5	27.3	11.6%	24.0	(12.1%)	26.5	10.5%
state	rule	Prescribed Drugs	146.3	166.1	13.6%	172.0	3.5%	188.7	9.7%
state	rule	Dental Services	22.9	24.5	7.0%	29.4	19.9%	38.5	31.0%
state	rule	ISSH/DD Waiver	44.7	52.5	17.4%	56.4	7.6%	64.7	14.6%
state	rule	TBI Waiver	1.1	1.1	(2.5%)	1.0	(11.1%)	1.2	26.9%
state	rule	Targeted Case Management	9.6	11.4	17.9%	12.4	9.0%	13.9	12.1%
state	rule	Development Disability Ctrs	45.0	52.7	17.3%	62.2	18.1%	73.8	18.6%
state	rule	Durable Medical Equipment	10.2	12.0	18.4%	13.7	13.8%	15.5	12.9%
state	rule	Inpatient Mental Health	11.4	10.3	(9.3%)	11.1	7.0%	11.8	7.0%
state	rule	Miscellaneous Services	21.3	25.0	17.3%	28.5	14.2%	36.2	26.9%
		<i>Outpatient Rehab</i>	1.2	1.5	21.1%	1.7	13.2%	1.9	12.9%
		<i>School District Services</i>	6.6	8.6	31.0%	10.8	25.6%	15.6	43.9%
		<i>Nurse's Aide Training</i>	0.9	2.6	189.0%	2.6	0.0%	2.6	0.1%
		<i>District Health</i>	0.1	0.1	25.3%	0.1	12.8%	0.2	13.0%
		<i>Other Practitioners</i>	12.5	12.2	(2.7%)	13.3	9.2%	16.0	20.1%
state	rule	Breast & Cervical Cancer	1.4	2.1	43.5%	2.1	3.1%	2.4	12.1%
rule	federal	Home Health Services	6.4	6.8	6.5%	7.0	3.4%	7.2	3.4%
rule	federal	Medicare Parts A & B	19.2	23.5	22.2%	28.0	19.4%	30.0	7.1%
rule	rule	Physical Therapy	4.4	5.0	13.8%	5.7	13.9%	6.4	12.9%
rule	rule	Group Health Plan Payments	1.1	0.7	(33.0%)	0.7	(2.7%)	0.8	11.0%
rule	rule	Mental Health	59.3	77.0	29.9%	89.7	16.6%	104.8	16.8%
rule	rule	Healthy Connections	4.6	5.8	24.0%	6.2	7.4%	6.6	7.1%
rule	rule	Ambulatory Surgical Centers	6.6	7.4	11.6%	8.0	8.6%	9.5	18.2%
rule	rule	Childrens Health Program (A)	16.9	17.6	4.5%	18.2	3.1%	18.5	1.9%
rule	rule	Childrens Health Program (B)	0.0	1.8	100.0%	1.8	(1.0%)	2.0	10.5%
rule	rule	Hospital DSH	10.3	12.1	17.8%	14.1	16.0%	16.3	16.0%
rule	rule	Upper Payment Limit	9.1	13.1	44.5%	13.1	0.0%	13.1	0.0%
Total Expenditures			969.3	1,071.9		1,153.0		1,275.4	
Percent Change			11.5%	10.6%		7.6%		10.6%	

\* Total does not include Medicaid adjustments for Medicare Part D or the Governor's proposed Medicaid reform.